REMARKS OF HENRY A. WAXMAN,

CHAIRMAN

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AMERICAN HEALTH CARE ASSOCIATION

ANNUAL CONVENTION

I AM PLEASED TO BE ABLE TO JOIN YOU FOR YOUR ANNUAL CONVENTION.

THIS MEETING IS, BY THE LEGISLATIVE CALENDAR, A PARTICULARLY TIMELY ONE. AS MOST OF YOU KNOW, THE CONGRESS HAS JUST PASSED THE BUDGET RECONCILIATION ACT, RE-WRITING AND LIMITING ALMOST ALL OF THE MAJOR HEALTH PROGRAMS OF THE FEDERAL GOVERNMENT.

AND NOW, AS THE WHITE HOUSE CALLS FOR MORE AND DEEPER CUTS IN THESE PROGRAMS, NEW PROPOSALS FOR A MEDICAID CAP, AND FOR COMPETITION IN HEALTH CARE,--IT IS TIME FOR YOU TO BEGIN YOUR NEXT ROUND OF INVOLVEMENT IN LEGISLATION.

AND I HOPE THAT YOU WILL INVOLVE YOURSELVES ACTIVELY AGAIN. THE AMERICAN HEALTH CARE ASSOCIATION WAS INSTRUMENTAL IN FIGHTING

want to thank you for your help and

OFF THIS YEAR'S CAP ON MEDICAID AND I CONGRATULATE YOU ON YOUR INDIVIDUAL AND ORGANIZATIONAL EFFORTS. IN MANY WAYS YOU AND YOUR CONGRESSIONAL CONFERENCE THIS PAST SUMMER CAN TAKE MUCH CREDIT FOR THE CONTINUATION OF THE FEDERAL GOVERNMENT'S COMMITMENT TO THE POOR AND THE ELDERLY OF THE NATION. ALL THROUGH THE DEBATE ON RECONCILIATION, EVEN ON THE HOUSE FLOOR, MEMBERS OF CONGRESS--MANY OF WHOM ARE NOT OFTEN CONCERNED WITH QUESTIONS OF HEALTH CARE--TOLD ME AND MY STAFF THAT THE RESPONSE TO THE STOCKMAN MEDICAID CAP AND CUTS IN HEALTH PROGRAMS WAS OVERWHELMING.

it was apparent to me that support for medicaid & other health programs cut across party lines

I THINK THAT IT WAS THIS KIND OF DIRECT CONTACT WITH THE CONGRESS WHICH SAVED HEALTH PROGRAMS FROM THE BUDGET AXE, AS MANY OTHER VALUABLE PROGRAMS WERE LET GO. MY THANKS AND MY CONGRATULATIONS.

BUT BEFORE I GET TOO FAR INTO DESCRIPTIONS OF LEGISLATION, LET ME GIVE YOU A SHORT OUTLINE OF THE CONGRESSIONAL COMMITTEE STRUCTURE AND HOW IT IS WORKS.

IN BOTH THE HOUSE AND THE SENATE, MOST BILLS MUST GO THROUGH AUTHORIZING, APPROPRIATING, AND BUDGET COMMITTEES.

IN THE HOUSE, THE SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT, WHICH I CHAIR, HAS JURISDICTION OVER ALMOST ALL FEDERAL HEALTH MATTERS, RANGING FROM MEDICAID TO THE COMMUNITY AND MIGRANT HEALTH

CENTERS AND DEVELOPMENTAL DISABILITIES PROGRAMS. THE HOUSE WAYS AND MEANS COMMITTEE ALSO HAS JURISDICTION OVER MEDICARE PART A BECAUSE OF ITS CONTROL OF TAXATION AND THE SOCIAL SECURITY TRUST FUND.

ON THE SENATE SIDE, THINGS ARE DIVIDED UP A BIT DIFFERENTLY AND THERE ARE TWO COMMITTEES THAT DEAL WITH HEALTH: THE FINANCE COMMITTEE, WHICH CONTROLS REIMBURSEMENT LEGISLATION, AND THE COMMITTEE ON LABOR AND HUMAN RESOURCES, WHICH CONTROLS THE GRANT PROGRAMS FOR HEALTH.

THESE AUTHORIZING COMMITTEES DESIGN FEDERAL PROGRAMS AND SET THE MAXIMUM MONEY WHICH CAN BE SPENT ON EACH.

EACH HOUSE ALSO HAS AN APPROPRIATIONS COMMITTEE WHICH DECIDES HOW MUCH MONEY WILL BE SPENT ON EACH PROGRAM.

AND ESPECIALLY IMPORTANT THIS YEAR. EACH HOUSE HAS A BUDGET COMMITTEE WHICH DECIDES HOW MUCH MONEY THE CONGRESS WILL SPEND OVERALL.

BUT AS YOU MAY KNOW ALL TOO WELL, THIS YEAR THE PROCESS HAS BEEN TURNED ON ITS HEAD.

IN THEORY, THE AUTHORIZING COMMITTEES ARE TO DEVELOP

LEGISLATION WITH A FULL UNDERSTANDING OF ITS SUBSTANCE AND IMPACT. APPROPRIATING COMMITTEES ARE TO BALANCE SPENDING REQUESTS. THE COMMITTEES DEVELOP EXPERTISE IN SUBJECT AREAS AND ARE TO ADVISE THE HOUSE ACCORDINGLY.

BUT THAT'S NOT THE WAY THE PROCESS WORKS ANY LONGER. WE NOW HAVE A BUDGET RESOLUTION TO ESTABLISH "POLICY" IN TERMS OF ABSTRACT DOLLAR "SAVINGS" AND THEN LEAVE THE IMPLEMENTATION TO OTHERS--TO the policy committees, THE STATES, TO PROVIDERS, AND TO THE POOR.

IT IS A BAD PROCESS THAT MAKES SHORT-SIGHTED POLICY.

I AM, HOWEVER, HAPPY TO REPORT TO YOU THAT THE MEDICAID PROGRAM, WHILE SUSTAINING PAINFUL AND REAL CUTS, HAS EMERGED FROM THIS PROCESS IN BETTER SHAPE THAN WE COULD REALISTICALLY HAVE HOPED FOR.

THERE IS NO CAP ON MEDICAID. BUT THE STATES WILL BE EXPERIENCING REDUCTIONS IN FEDERAL MATCHING PAYMENTS OF UP TO 3% IN THIS FISCAL YEAR.

THERE HAVE BEEN NO RADICAL CHANGES IN THE ABILITY OF PATIENTS TO CHOOSE THEIR PROVIDERS. BUT, IF THE SECRETARY APPROVES, THE STATES WILL BE ABLE TO LIMIT THE FREEDOM OF CHOICE OF PROVIDERS BY MEDICAID PATIENTS UNDER COST-EFFECTIVE AND EFFICIENT ARRANGEMENTS.

AND WE HAVE NOT REVERSED THE FEDERAL COMMITMENT TO THE POOR AND THE ELDERLY. BUT WE HAVE ALLOWED THE STATES TO CUT BACK ON THEIR COMMITMENT TO THEM BY LIMITING ELIGIBILITY AND SERVICES TO THEIR MEDICALLY NEEDY.

IN LONG TERM CARE POLICY, THERE IS EVEN SOME SIGNIFICANT PROGRESS MADE IN THIS LEGISLATION. WE HAVE ALLOWED STATES TO REQUEST FROM THE SECRETARY A WAIVER OF EXISTING REQUIREMENTS TO ENABLE THEM TO OFFER HOME AND COMMUNITY-BASED SERVICES AS AN ALTERNATIVE TO PERSONS IN NEED OF NURSING CARE. (SOME OF YOU MAY RECOGNIZE THIS AS A MODIFICATION OF THE ORIGINAL PEPPER/WAXMAN COMMUNITY CARE ACT.)

I AM EXCITED BY THE POTENTIAL OF THIS PROVISION. WE MUST ACKNOWLEDGE THAT INADVERTENTLY, WE HAVE A SYSTEM WHICH ENCOURAGES INAPPROPRIATE INSTITUTIONALIZATION AND DISCOURAGES EFFORTS BY THE ELDERLY TO REMAIN IN THE COMMUNITY. FOR COST AND POLICY REASONS, IT IS IMPORTANT THAT WE MOVE TOWARD REIMBURSEMENT PROGRAMS WHICH ALLOW THOSE PEOPLE WHO ARE ABLE TO DO SO TO LIVE PRODUCTIVE LIVES OUTSIDE OF INSTITUTIONS. I HOPE THAT MANY STATES WILL TAKE ADVANTAGE OF THIS PROGRAM TO OFFER RESPONSIBLE ALTERNATIVES TO THEIR POOR AND ELDERLY.

BUT I DO NOT MEAN TO SAY THAT COMMUNITY CARE IS THE ANSWER TO

ALL LONG-TERM CARE PROBLEMS. HOWEVER MUCH WE EXPAND HOME HEALTH, THERE WILL STILL BE A NEED--EVEN A SHORTAGE OF--ADEQUATE NURSING HOME CARE FOR THE DISABLED AND THE ELDERLY.

COMMUNITY CARE CAN ENSURE THAT THE INDEPENDENT ELDERLY CAN LIVE INDEPENDENTLY.

BUT EVEN THE MOST PROGRESSIVE OF HEALTH SYSTEMS MUST DEAL WITH LONG-TERM CARE, AND THE MOST SUCCESSFUL ONES MUST ADDRESS THEMSELVES TO OLDER AND SICKER PATIENTS. IT WOULD BE IMPOSSIBLE FOR MANY PEOPLE TO GO ON LIVING WITHOUT THE TOTAL CARE AND PROTECTION OFFERED IN A NURSING HOME. YOU IN THE AMERICAN HEALTH CARE ASSOCIATION ARE WORKING ON WAYS TO ENSURE THAT THE CARE IS HUMANE, EFFICIENT, EFFECTIVE, THAT IT GUARDS PATIENTS' RIGHTS, AND THAT IT DOESN'T ENTAIL UNREASONABLE COSTS. I WISH YOU THE BEST PROGRESS IN YOUR EFFORTS.

BUT THE WHITE HOUSE HAS BEEN SILENT ON HOW IT HOPES TO DEAL WITH SUCH PROBLEMS. WHEN ASKED ABOUT COSTS AND DIFFICULTY IN HEALTH DELIVERY, THE ROUTINE ANSWER THIS YEAR HAS BECOME "COMPETITION." I'M SURE THAT MANY OF YOU HAVE HEARD A LOT ABOUT THE "COMPETITION BILLS." THE WORD HAS BECOME A SORT OF "ABRA-CADABRA" INCANTATION TO ALLOW THE ADMINISTRATION TO IGNORE THE FACI THAT HEALTH COSTS ARE GROWING AT A RATE TWICE AS FAST AS THE REST OF THE ECONOMY.

BUT I'M AFRAID THAT THE ADMINISTRATION IS ONLY GOING TO USE ITS INCANTATION AS AN EXCUSE TO WITHDRAW THE FEDERAL GOVERNMENT FROM HEALTH CARE ALTOGETHER. IF YOU LOOK FOR THE ADMINISTRATION'S REAL PLANS OR PROPOSALS, THERE IS VERY LITTLE TO SEE. Even more disturbing, it is hard to see what the Admin feels its region to provide care or coverage when the competitive market fails.

BUT MORE IMPORTANTLY FOR YOU, NONE OF THE ADMINISTRATION'S COMMENTS NOR ANY OF THE COMPETITION BILLS HAS ANYTHING HELPFUL TO SAY ABOUT LONG-TERM CARE. I AM CONCERNED THAT ALL THESE BILLS SEEM TO IGNORE EXACTLY THOSE POPULATIONS THAT THE FEDERAL GOVERNMENT HAS FELT CALLED UPON TO AID IN THE PAST--THE POOR, THE ELDERLY, AND THE DISABLED.

WHILE MANY POLICYMAKERS AND MEMBERS OF CONGRESS TALK AS THOUGH COMPETITION WERE THE ANSWER TO ALL PROBLEMS, THEY FAIL TO ACKNOWLEDGE THAT NO BUSINESSMAN WANTS TO COMPETE TO COVER THESE GROUPS WHO CANNOT INSURE THEMSELVES AND NO FREE-MARKET OR VOLUNTEER SYSTEM CAN ADEQUATELY MEET THEIR NEEDS.

INSTEAD I AM AFRAID THAT IT IS THIS ADMINISTRATION'S UNSPOKEN INTENTION TO MOVE AWAY FROM ANY FEDERAL PARTICIPATION IN DIRECT HEALTH CARE PROGRAMS. I HAVE A CLEAR SENSE THAT THIS ADMINISTRATION FEELS NO NATIONAL RESPONSIBILITY TO PROVIDE CARE OR COVERAGE WHERE THE COMPETITIVE MARKET FAILS.

THE ADMINISTRATION BELIEVES, INSTEAD THAT SUCH CARE IS NOT A RIGHT OF AMERICANS, BUT MAYBE ONLY OF CALIFORNIANS OR NEW YORKERS OR THOSE WHO ARE FORTUNATE ENOUGH TO BE OLD IN A WEALTHY STATE.

TODAY THAT SHIFT FROM FEDERAL RESPONSIBILITY AFFECTS BLOCK GRANTS FOR HEALTH AND LARGE PARTS OF THE MEDICAID PROGRAM.

IF A VOUCHER SYSTEM FOR MEDICARE BECOMES A REALISTIC PROPOSAL, THE SHIFT AWAY FROM FEDERAL RESPONSIBILITY WILL BECOME EVEN MORE DRAMATIC.

AND IF A CAP ON MEDICAID WERE TO RE-APPEAR--AND THERE IS EVERY INDICATION THAT THE ADMINISTRATION WILL BE TRYING AGAIN--STATES WOULD HAVE TO CHOOSE AMONG CURRENTLY COVERED SERVICES, TO FIND THE ONES TO CUT. WE CAN IMAGINE THAT OPTIONAL SERVICES, LIKE GLASSES OR DENTAL VISITS, WOULD GO. AND WE CAN PREDICT THAT NO MEDICALLY NEEDY PERSONS WOULD BE ELIGIBLE. AND WE CAN GUESS THAT THE STATES WILL USE THE BOREN AMENDMENT OF LAST YEAR'S BUDGET BILL TO REDUCE REIMBURSEMENT TO NURSING HOMES AND HOSPITALS.

MAKE NO MISTAKE ABOUT IT. IF THESE NEW PROPOSALS ARE ADOPTED, MILLIONS WILL SUFFER, AND THERE WILL BE NO SAFETY NET TO CATCH THEM. THE MOST VULNERABLE WILL BE REDUCED TO A QUALITY OF LIFE WHICH IS DIFFICULT TO IMAGINE, AND IMPOSSIBLE TO ACCEPT.

THOSE OF US WHO ARE STRUGGLING TO FIND WAYS TO IMPROVE A SYSTEM OF CARE FOR THE ELDERLY, CHRONICALLY ILL AND HANDICAPPED WHILE NOT DESTROYING ITS FOUNDATION NEED YOUR HELP. WE NEED YOUR ASSISTANCE IN CONFRONTING THE REAL CULPRIT IN THE RISING COST OF HEALTH PROGRAMS LIKE MEDICAID: THE UNCONTROLLED RATE OF INFLATION IN THE PRICE OF HEALTH SERVICES. IF WE CANNOT FIND A WAY TO LIMIT REIMBURSEMENT OF ACUTE CARE FACILITIES PROVIDING LONG-TERM CARE, OF PHYSICIANS WHO OVERUTILIZE, OF UNNECESSARY TESTS, AND OF WASTEFUL OR FRAUDULENT COSTS, THEN WE WILL FAIL IN OUR GOAL TO GIVE CARE TO ALL WHO CANNOT PAY THEIR WAY.

YOU ARE THE PEOPLE WITH A PERSONAL AND FINANCIAL STAKE IN THE HEALTH OF OUR SYSTEM OF HEALTH CARE DELIVERY. YOU HAVE PROVEN YOURSELVES EFFECTIVE SPOKESMEN IN LEGISLATION ONCE. I ASK YOU TO JOIN ME IN THE NEW BATTLES.